

NINETEENTH JUDICIAL DISTRICT COURT  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLEY, AS  
ACTING COMMISSIONER OF INSURANCE  
FOR THE STATE OF LOUISIANA

VERSUS

AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: \_\_\_\_\_

DEPUTY CLERK

Filed on Behalf of – State of Louisiana – State Pays No Court Costs  
La. R.S. 13:4521

**EX PARTE MOTION FOR AUTHORITY TO WRITE-OFF**  
**CERTAIN ASSETS AND LIABILITIES OF**  
**AmCARE HEALTH PLANS OF LOUISIANA, INC. IN LIQUIDATION**

NOW INTO COURT, through undersigned counsel comes, James J. Donelon, Commissioner of Insurance for the State of Louisiana as Liquidator for AmCare Health Plans of Louisiana, Inc. In Liquidation, through the Court-appointed Receiver, Michael Adams ("AmCare-LA"), who respectfully represents that:

1.

AmCare-LA was placed in liquidation by order of this honorable Court on November 12, 2002 (the "Liquidation Order"), and Michael Adams has since been appointed Receiver by the Court. The Order of Liquidation is attached hereto and incorporated herein as Exhibit A.

2.

Prior to its liquidation, AmCare-LA was operated as part of a consolidated group by its parent company, AmCareco, Inc., which group included AmCare-LA, AmCare Health Plans of Oklahoma, Inc. ("AmCare-OK"), AmCare Health Plans of Texas, Inc. ("AmCare-TX"), and AmCare Management, Inc.

3.

AmCare-OK is presently in liquidation in Oklahoma. AmCare-TX and AmCare Management are in liquidation in Texas.

4.

The October 31, 2011 balance sheet for AmCare-LA shows a number of items recorded as assets and a number of items recorded as liabilities, which the Receiver has determined are uncollectible and/or that there is a lack of supporting documentation which would permit collection for a variety of reasons. A copy of the October 31, 2011 balance sheet of AmCare-LA is attached hereto and incorporated herein as **Exhibit B**.

5.

The Receiver recommends to the Court that certain assets and liabilities on the books of AmCare-LA should be written off for a variety of reasons. The Receiver's Report on Asset and Liability Write-Offs, with background and recommendations as to those assets and liabilities is attached hereto and incorporated herein as **Exhibit C**.

6.

The assets the Receiver recommends writing off include the following, set out below, but more fully explained in the Receiver's Report, **Exhibit C**:

Accounts Receivable

Research Items <sup>1</sup>	\$ 21,592.71
BBA-Texas <sup>2</sup>	\$ 30,993.75
TPA Fees Receivable <sup>3</sup>	\$ -360,402.72
Premiums Receivable <sup>4</sup>	\$ 483,222.43
Subrogation Receivables <sup>5</sup>	\$ 434,366.14
Reinsurance Recoverable <sup>6</sup>	\$ 365,109.83

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<sup>1</sup> Research items are those item shown as checks outstanding on the books and records of the company at the date of liquidation but which never cleared the company's bank.

<sup>2</sup> The receiver for AmCare Health Plans of Texas, Inc. in Receivership has indicated to the AmCare-LA Receiver that the amounts invoiced by Barringer Business Associates are not reimbursable as litigation expenses.

<sup>3</sup> This asset is recorded as a negative balance asset (liability) for amounts due to AmCare-LA from third party administrators and is deemed uncollectible.

<sup>4</sup> Premiums reflected as due on the books and records of AmCare-LA at liquidation from the Office of Personnel Management, a federal agency, are uncollectible due to the lack of supporting documentation in the records of AmCare-LA.

<sup>5</sup> Efforts by AmCare-LA to identify and collect amounts due as subrogation proved unsuccessful. This would include, for example, claims for reimbursement of benefits paid to members involved in third party litigation.

<sup>6</sup> Amounts shown on the books of AmCare-LA for payments for which reinsurance may have provided reimbursement were asserted as to AmCare Management, Inc., which is a related entity in liquidation in Texas. The Receiver for AmCare Management, Inc., in Receivership has verbally indicated its position that AmCare-LA has been fully reimbursed for these reinsurance claims in the recovery from Health Net, Inc.

Intercompany balances <sup>7</sup>	\$6,180,644.92
Bonds - Long Term Investments <sup>8</sup>	\$ 150,000.00
Prepaid Expenses - Long Term Rent Deposits <sup>9</sup>	\$ 13,461.75
<b>TOTAL</b>	<b>\$7,318,988.81</b>

7.

The liabilities the Receiver recommends writing off include the following, set out below, but more fully explained in the Receiver's Report, **Exhibit C**:

Unclaimed Property <sup>10</sup>	\$ 257,112.47
Accounts Payable <sup>11</sup>	\$ 188,079.65
Premium Taxes Payable <sup>12</sup>	\$ 21,920.79
Deferred Tax Valuation Liability <sup>13</sup>	\$ -52,477.16
Class 6 - Claims Payable <sup>14</sup>	\$4,086,420.24
<b>TOTAL</b>	<b>\$4,501,055.99</b>

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<sup>7</sup> At the date of liquidation, AmCare-LA reflected amounts owed by various related entities as follows:

AmCareco (parent company of all AmCare entities)	\$ 858,200.00
AmCare Management (TPS for all AmCare entities)	\$5,172,085.66
AmCare Health Plans of Oklahoma, Inc.	\$ 130.27
AmCare Health Plans of Texas, Inc.	\$ 150,228.99

The books and records of the various AmCare entities were artificially manipulated and cannot be relied on as the basis for collection of these amounts. Further the recovery from Health Net has fully compensated the three AmCare HMOs, including AmCare-LA, for all intercompany balances reflected on the books and records of AmCare-LA.

<sup>8</sup> AmCare-LA's investment in a Finova bond has been determined to be uncollectible due to court ordered liquidation.

<sup>9</sup> AmCare-LA's equipment leases were canceled by the terms of the liquidation order entered in this matter and deposits made prior to liquidation are uncollectible.

<sup>10</sup> This represents checks issued and outstanding at the date of liquidation which did not clear the AmCare-LA bank for which proofs of claim were not filed.

<sup>11</sup> The accounts payable on the books at the date of liquidation represented the claims of vendors, providers, and AmCare-LA policyholders, members and subscribers, all of whom would have received notice to file proofs of claim by the bar date.

<sup>12</sup> The Louisiana Department of Insurance has advised the Receiver that there are no outstanding premium taxes owed by AmCare-LA.

<sup>13</sup> The deferred tax valuation on the books at date of liquidation has been reassessed and tax liabilities calculated by the Receiver's contracted certified public accountant firm.

<sup>14</sup> The intercompany claims on the books at the date of liquidation have been determined to lack credibility and support. Other claims have been addressed through the proof of claim process and are reflected in the receiver's recommendations as to allowance of proofs of claim.

8.

As part of the liquidation proceedings, all creditors and claimants appearing on the books and records of AmCare-LA at the date of liquidation were included in the proof of claim process, and all proofs of claim submitted were adjudicated and the allowed amounts approved by the Court in 2005, and are included in the AmCare-LA balance sheet. A copy of the Petition and Rule to Consider Report of Receiver on Claims Against AmCare Health Plans of Louisiana, Inc. In Liquidation and Recommendations to the Court on the Priority and Amounts of Allowance of Claims, and the Receiver's report as to the written objections to the allowed claims is attached hereto and incorporated herein as **Exhibit D**.

9.

The Receiver submits that, since AmCare-LA is in liquidation and the items identified on the current AmCare-LA balance sheet discussed above do not accurately reflect true assets and liabilities of the liquidation estate, for the reasons given in the attached **Exhibit C**, these items and amounts should be written off the books of AmCare-LA.

WHEREFORE, the Receiver prays that he be allowed to write-off the items shown above as AmCare-LA assets and liabilities in order to more accurately reflect the true state of the financial affairs of AmCare-LA.

Respectfully submitted,

**BURGLASS & TANKERSLEY, LLC**

  
SUE BUSER (18151)

5213 Airline Drive  
Metairie, Louisiana 70001-5602

Phone: (504) 836-2220

Telefax: (504) 836-2221

Attorneys for JAMES J. DONELON

Commissioner of Insurance for the State of Louisiana as  
Liquidator of AmCare Health Plans of Louisiana, Inc.

**EXHIBITS TO EX PARTE MOTION FOR AUTHORITY TO  
WRITE-OFF CERTAIN ASSETS AND LIABILITIES OF  
AmCARE HEALTH PLANS OF LOUISIANA, INC. IN LIQUIDATION**

- |           |  |
|-----------|--|
| Exhibit A | AmCare Health Plans of Louisiana, Inc. Liquidation Order of November 12, 2002  |
| Exhibit B | AmCare Health Plans of Louisiana, Inc. In Liquidation balance sheet as of October 31, 2011   |
| Exhibit C | AmCare Health Plans of Louisiana, Inc. In Liquidation Receiver's Report on Asset and Liability Write-Offs  |
| Exhibit D | Petition and Rule to Consider Report of Receiver on Claims Against AmCare Health Plans of Louisiana, Inc. In Liquidation and Recommendations to the Court on the Priority and Amounts of Allowance of Claims, and the Receiver's report as to the written objections to the allowed claims |

NINETEENTH JUDICIAL DISTRICT COURT  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLEY, AS  
ACTING COMMISSIONER OF INSURANCE  
FOR THE STATE OF LOUISIANA

VERSUS

AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: \_\_\_\_\_

DEPUTY CLERK \_\_\_\_\_

**ORDER**

Considering the Ex Parte Motion for Authority to Write Off Certain Assets and Liabilities of AmCare Health Plan of Louisiana, Inc. In Liquidation, and the Court finding that the relief requested should be permitted and that the relief granted is in the best interests of AmCare-LA, and its policyholders, members, subscribers, creditors and the public,

IT IS ORDERED, ADJUDGED AND DECREED that the Ex Parte Motion For Authority to Write Off Certain Assets and Liabilities of AmCare Health Plans of Louisiana, Inc. In Liquidation be and same hereby is GRANTED.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Receiver's authority to write off the assets and liabilities identified, as per attached Exhibit C, be and same hereby is confirmed.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Court recognizes the authority of the Receiver to write off the assets and liabilities identified as per Exhibit C, and to take such actions and to expend such funds as may be necessary, in the sole discretion of the Receiver. *ORDERED BY THE COURT AFTER GOOD CAUSE SHOWN.*

Baton Rouge, Louisiana, this 3 day of Jan 2012

*J. Robert Wooley*  
JUDGE, DIVISION D

19TH JUDICIAL DISTRICT  
EAST BATON ROUGE PARISH, LA.  
FILED

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DEPUTY CLERK & RECORDER FOR  
DOUG WELBORN  
CLERK OF COURT E.B.R. PARISH

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NINETEENTH JUDICIAL DISTRICT COURT  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA

STATE  
FILED

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLRY, AS  
ACTING COMMISSIONER OF INSURANCE  
FOR THE STATE OF LOUISIANA

VERSUS

AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: \_\_\_\_\_

DEPUTY CLERK

ORDER OF LIQUIDATION AND PERMANENT INJUNCTIVE RELIEF

Considering the verified petition and the law and the evidence entitling the plaintiff to the relief sought herein, and the Court being satisfied from the allegations therein and finding that the defendant named herein is an insurer as defined in and under Louisiana law and that the interests of creditors, policyholders, members, subscribers, enrollees, and the public will probably be endangered by delay, and the Court finding that the law and the evidence is in favor of granting the relief prayed for herein,

IT IS ORDERED, ADJUDGED AND DECREED that sufficient cause exists for the liquidation of AmCare Health Plans of Louisiana, Inc. ("AmCare").

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that AmCare be and hereby is placed into liquidation under the direction and control of the Commissioner of Insurance for the State of Louisiana (the "Commissioner"), subject to the further written orders of this Court and that the Commissioner be and hereby is appointed Liquidator and that Marlon Harrison be and hereby is appointed Receiver of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, safety deposit boxes, records and other assets of AmCare as of the date of the order of liquidation entered herein.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner, his agents and/or employees, be and hereby are directed to take possession and control of the property,

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business, affairs, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, books, records, accounts, copyrights, trademarks, patents, and all other assets of AmCare, including all real property, whether in the possession of AmCare or its officers, directors, employees, consultants, attorneys, subsidiaries, affiliates, or agents, and of the premises occupied by AmCare for its business, conduct all of the business and affairs of AmCare, or so much thereof as he may deem appropriate, manage the affairs of AmCare, and to liquidate same, until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that AmCare, its policyholders, subscribers, members, enrollees, shareholders, officers, directors, agents, attorneys, accountants, actuaries, servants, employees, banks, savings and loan associations, and/or other entity or person acting for or on behalf of AmCare be and hereby are enjoined from disposing of the property, business, affairs, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, books, records, accounts, copyrights, trademarks, patents, and all other assets of AmCare, including all real property, and from the transaction of the business of AmCare, until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that AmCare, its policyholders, subscribers, members, enrollees, shareholders, officers, directors, agents, accountants, attorneys, actuaries, servants, employees, banks, savings and loan associations, and any other partnership, company or entity controlled by same and/or other persons acting for or on behalf of AmCare, be and hereby are enjoined from disposing of the property, business, affairs, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, books, records, accounts, and other assets of AmCare, including all real property of AmCare and from the transaction of its business except with the concurrence of the Commissioner, until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that AmCare, its policyholders, members, subscribers, enrollee, shareholders, officers, directors, agents, attorneys, accountants, actuaries, servants, employees, banks, savings and loan associations, and any other partnership, company, or entity controlled by same and/or persons acting for or on behalf of said individuals and companies, and/or any others acting on its behalf, be and are hereby ordered to immediately surrender and turn over to the Commissioner all property, business, affairs, documents, computers, all primary and secondary storage media, bank accounts, safety deposit boxes, software, electronic data, e-mail,



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websites, books, records, accounts, and other assets of AmCare, including all real property, and the premises occupied by AmCare and are hereby enjoined from the transaction of the business of AmCare, except with the concurrence of the Commissioner and/or until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to La. R.S. 22:734, an injunction issue forthwith staying any person from obtaining preferences, judgments, attachments or other like liens or the making of any levy against AmCare, its property and assets while in the Commissioner's possession and control.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is immediately vested with and/or maintain the authority to enforce, for the benefit of the members, enrollees, subscribers, and policyholders of AmCare, contract performance by any provider or other third party who contracted with AmCare in accordance with LSA R.S. 22:738 (B), and for such other relief as the nature of the case and the interest of the insurer's policyholders, subscribers, members, enrollees, stockholders, creditors or the public may require.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is entitled to the right to enforce, for the benefit of the policyholders, subscribers, members, enrollees of AmCare, contract performance by any party who had contracted with AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is entitled to permit such further operation of AmCare as he may deem necessary to be in the best interests of the policyholders, subscribers, members, and enrollees, and creditors of AmCare and the orderly liquidation of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all authority of all officers, directors, and managers of AmCare be and hereby is suspended and all authority of said officers, directors and managers be and hereby is vested in the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Liquidator and Receiver of AmCare be and hereby is allowed and authorized, subject to Court approval, to:

- a) Employ and authorize the compensation of accountants, clerks, and such assistants as he deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, out of the funds or assets of AmCare in the possession of the Receiver or coming into AmCare's possession;
- b) Defend or not defend legal actions wherein AmCare or the Receiver is a party defendant, commenced prior to or subsequent to the entry of the order herein, without the authorization of the Court, except, however, in actions where AmCare is a

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nominal party, as in certain foreclosure actions and the action does not affect a claim against or adversely affect the assets of AmCare, the Receiver may file appropriate pleadings in his discretion;

- c) Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding;
- d) Collect all debts, which are economically feasible to collect and which are due and owing to AmCare;
- e) Take possession of all of AmCare's securities and certificates of deposit on deposit with any financial institution or any other person or entity, if any, and convert to cash so much of the same as may be necessary, in his judgment, to pay the expenses of administration of this receivership.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any officer, director, manager, trustee, agent or adjuster of AmCare and any person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of AmCare's affairs be and hereby is required to fully cooperate with the Receiver and the Commissioner, notwithstanding their dismissal pursuant to the order entered herein

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all attorneys employed by AmCare as of the date of the order entered herein shall, within five (5) days notice of the order entered herein, report to the Receiver or Commissioner on the name, company, claim number and status of each file they are handling on behalf of AmCare. Said report shall also include an account of any funds received from or on behalf of AmCare. All attorneys described herein are hereby discharged as of the date of the order entered herein unless the Receiver or Commissioner retains their services in writing. All attorneys employed by AmCare who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of AmCare shall deliver such litigation files, material, documents or records intact and without purging to the Receiver notwithstanding any claim of a retaining lien, which, if otherwise valid, shall not be extinguished by such turn-over of documents.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that reinsurance amounts due to or payable by AmCare shall be remitted to, or disbursed by the Receiver at the Receiver's discretion and with the consent of the court where required by law. The Receiver shall handle reinsurance losses recoverable or payable by AmCare. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary unless

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otherwise authorized by the Receiver

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that upon requests by the Receiver, any company providing telephone services to AmCare shall provide a reference of calls from the number presently assigned to AmCare to any such number designated by the Receiver or perform any other services or changes necessary in the conduct of the receivership of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any bank, savings and loan association, financial institution, and any other person or entity which has on deposit, in its possession, custody or control any funds, accounts and any other assets of AmCare, are ordered to immediately transfer title, custody and control of all such funds, accounts, or assets to the Receiver, and instructed that the Receiver has absolute control over such funds, accounts and other assets. The Receiver may change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution or take such lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association, or other financial institution, person or entity exercise any form of set-off, alleged set-off, lien, any form of self help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any entity furnishing telephones, water, electric, sewage, garbage or trash removal services to AmCare shall maintain such service and transfer any such accounts to the Receiver as of the date of the order entered herein, unless instructed to the contrary by the Receiver

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any data processing service which has custody or control of any data processing information and electronic records, including, but not limited to, e-mails, websites, voice mails, source documents, data processing cards, input tapes, all types of storage information, including, but not limited to, diskettes, CDs, DVDs, zip drives, external storage devices, PDAs, master tapes or any other recorded information relating to AmCare transfer custody and control of such records to the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the United States Postal Service be directed to provide any information requested by the Receiver regarding AmCare and to handle future deliveries of AmCare's mail as directed by the Receiver.

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IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Receiver be and hereby is authorized to conduct an investigation of AmCare and its subsidiaries and affiliates to uncover and make fully available to the Court the true state of AmCare's financial affairs. In furtherance of this investigation, AmCare and its parent corporations, its subsidiaries, its affiliates, owners, officers, directors, managers, attorneys, accountants, trustees, agents, adjusters, employees, or independent contractors of AmCare and its third party administrators, shall make all books, documents, accounts, records and affairs, which either belong to or pertain to AmCare available for full, free and unhindered inspection, copying, and examination by the Receiver during normal business hours, Monday through Friday, from the date of the order entered herein. AmCare and the above-specified entities shall fully cooperate with the Commissioner and the Receiver, including, but not limited to, the taking of oral testimony under oath of AmCare and its owners, officers, directors, managers, trustees, agents, adjusters, accountants, employees, or independent contractors of AmCare, its affiliates and subsidiaries and any other person or entity who possesses any executive authority over, or who exercises any control over, any segment of the affairs of AmCare in both their official, representative, and individual capacities and the production of all documents that are calculated to disclose the true state of AmCare's affairs.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that AmCare shall not engage in any advertising or solicitation whatsoever, except with the concurrence of the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that AmCare, its members, subscribers, enrollees, and policyholders, shareholders, officers, directors, agents, accountants, attorneys, servants, employees, actuaries and any other partnership, company or entity controlled by ~~any~~ and/or other persons acting for or on behalf of AmCare, or subject to their control, and all other persons or entities who have access to, control or possession of the property, assets, and affairs of AmCare, be and hereby are enjoined as follows:

- a) from disposing of or encumbering any of the property or assets of AmCare;
- b) from disposing of any records or other documents belonging to AmCare or relating to the business and affairs of the of AmCare;
- c) from the transaction of any business by, for, or on behalf of AmCare, including, but not limited to:
  - i) the writing, issuance or renewal of any certificate of coverage, insurance

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policy, binder, or endorsement to an existing policy or certificate of coverage;

- ii) the payment of claims and of any policy or certificate of coverage benefits;
- iii) the incurring of any claim or loss adjustment expense;
- iv) the incurring of any debt or liability; and
- v) the interfering with the acquisition of possession by the exercise of dominion and control over the property of AmCare by the Commissioner, or the Commissioner's conduct of the business and affairs of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any and all individuals and entities be and hereby are enjoined from instituting and/or taking further action in any suits, proceedings, and seizures against AmCare, the Commissioner in his capacity as Liquidator of AmCare, the Receiver, and any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, accountants, or attorneys of same, to prevent any preference, judgment, seizure, levy, attachment, or lien being rendered against AmCare, its estate and assets, and/or its members, subscribers, enrollees, and policyholders, the Commissioner in his capacity as Liquidator, the Receiver, any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, or attorneys of same, and the making of any levy against AmCare, its property or assets.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, except with the concurrence of the Commissioner or until further written order of this Court, all suits, proceedings, and seizures against AmCare and/or its respective members/enrollees/subscribers be stayed in order to prevent the obtaining of any preference, judgment, seizure, levy, or lien, and to preserve the property and assets of AmCare, including, but not limited to, suits and proceedings and all litigation where:

- a) AmCare is a party;
- b) A member, subscriber, enrollee, policyholder or any other person who is named as a party to the litigation claims insurance coverage under any policy of insurance, subscriber agreement or certificate of coverage issued or assumed by AmCare;
- c) The litigation involves or may involve the adjudication of liability or determines any possible rights or obligations of any member, subscriber, enrollee, policyholder or person as to any insurance policy, subscriber agreement, or certificate of coverage issued or assumed by AmCare, or determines any possible future liability of AmCare with regard to any insurance policy, subscriber agreement or certificate of coverage issued or assumed by AmCare;
- d) AmCare would otherwise be obligated to provide a defense to any party in any

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court pursuant to any policy of insurance, subscriber agreement, or certificate of coverage issued or assumed by AmCare;

- e) The ownership, operations, management and/or control of AmCare is at issue; and
- f) Any party is seeking to create, perfect or enforce any preference, judgment, attachment, lien or levy against AmCare or its assets or against any member, subscriber, enrollee and/or policyholder of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any action in any suit or proceeding against the Commissioner in his capacity as Liquidator and/or Rehabilitator of AmCare and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Commissioner in his capacity as Liquidator and/or Rehabilitator of AmCare, and their representatives, agents, employees, or attorneys, when acting in accordance with this Order and/or as Liquidator, Rehabilitator, Receiver, or Deputy Receiver of AmCare are barred.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that there shall be no liability on the part of, and that no cause of action of any nature shall exist against the Commissioner in his capacity as rehabilitator, receiver, liquidator and/or regulator of AmCare and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Commissioner as rehabilitator, receiver, liquidator and/or regulator of AmCare, and/or the Receiver, their representatives, agents, employees, or attorneys, for any action taken by them when acting in accordance with the orders of this Court and/or in the performance of their power and duties as rehabilitator, liquidator, receiver, and/or regulator of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that a provider may not bill or collect any amount from AmCare members, subscribers, enrollees, and policyholders, except:

- a) deductibles, coinsurance or co-payments required by AmCare in accordance with AmCare group or individual subscriber agreements, certificates of coverage, policies of insurance, or service agreements to be paid by members, subscribers, enrollees and policyholders; and
- b) fees or charges for services that are non-covered services.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions of LSA-RS 22:250.12 C) and 22:250.33 C) and the provisions of any contractual agreement with respect to the late payment penalties, interest, attorneys fees, adjustments, or other such charges

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be suspended

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any and all individuals and entities be and hereby are enjoined from interfering with these proceedings, or with the Commissioner's possession and control or title, rights or interest; from interfering with the conduct of the business of AmCare by the Commissioner; from wasting the assets of AmCare, and from obtaining preferences, judgments, attachments or other like liens or the making of any levy against AmCare or its property and assets while in the possession and control of the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all premiums and all other debts and payables due to AmCare shall be paid to the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is permitted to notify every holder of a certificate of coverage, subscriber agreement, or contract of insurance issued by AmCare and every known provider and other creditor of AmCare of the order of liquidation and injunction entered herein within forty-five (45) days of the date of this order, notwithstanding the provisions of LSA-R S. 22:737.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that within four (4) months following the final day for the notice required to be given to holders of certificates of coverage, subscriber agreements, and contracts of insurance, be and is hereby established as the cut off date by which claims of members, enrollees, subscribers, policyholders, providers and other creditors of AmCare for services provided prior to the date of this order must be submitted and received by AmCare (the "Claims Bar Date").

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is granted all legal and equitable relief as may be necessary to fulfill his duties as Liquidator and for such other relief as the nature of the case and the interests of AmCare's members, enrollees, subscribers, policyholders, providers and other creditors, or the public, may require, including but not limited to the Receiver's appointment and authorization to prosecute all action which may exist on behalf of policyholders, members, stockholders or creditors of the insurer against any existing or former officer, director or employee of AmCare or any other person.

2011-03-06-9

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all contracts between AmCare and any and all persons or entities providing services to AmCare and its policyholders, members, subscribers and enrollees remain in full force and effect, until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all subscriber agreements, certificates of coverage, and policies of insurance be and hereby are canceled as of midnight on September 30, 2012.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Receiver be and hereby is permitted to make all reasonable efforts to transfer the AmCare business to a viable carrier, if possible and at the discretion of the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any and all funds of the Louisiana State Employees Group Benefit Program's self-insured plan in the possession of AmCare are not the property of AmCare and that any and all such funds be segregated, held and used solely for the benefit of the Louisiana State Employees Group Benefit Program's self insured plan of AmCare and/or returned to the Louisiana State Employees Group Benefit Program's self insured plan, as the Receiver may, in his sole discretion, determine is necessary and/or desirable.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that certain services performed for AmCare by MedImpact Healthcare Systems, Inc. may be administrative expenses of the estate of AmCare for which payment may be due, and that the Receiver be and hereby is directed to conduct further investigation into this matter for ultimate recommendation to the Court as to payment.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court has exclusive jurisdiction over all matters relating to AmCare and the rehabilitation and liquidation of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Clerk of Court for 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge be directed to file any proceeding related in any way to or arising out of AmCare in this proceeding, case number 499-737, to be numbered in consecutive order as follows: 499-737-01, 499-737-02, 499-737-03, et seq., and assigned to Division D of this Court, and further than any suits pending or filed against AmCare,



2111403651

the Rehabilitator, the Liquidator, and/or the Receiver or in any way related to or arising out of AmCare be transferred to Division D of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all other relief prayed for in the Petition for Liquidation, Injunctive Relief and Rule To Show Cause and previously granted herein shall continue in full force and effect.

Baton Rouge, Louisiana, this 12 day of Nov, 2002.

  
JUDGE, NINETEENTH JUDICIAL DISTRICT COURT

**PLEASE SERVE:**

AmCare Health Plans of Louisiana, Inc  
through its attorney of record  
Patrick D. Selter  
Adams & Reese  
451 Florida Street  
North Tower  
19<sup>th</sup> Floor  
Baton Rouge, LA 70801

2002 NOV 12  
CLERK OF COURT  


Page: 1

Date: 11/17/11 at 2:08 PM

AmCare Health Plans of Louisiana, Inc.  
Balance Sheet  
Period Ending October 31, 2011

	Balance
<hr/> <b>CURRENT ASSETS</b> <hr/>	
OPERATING CASH ACCOUNTS	13,189.01
INVESTMENT TRUST FUNDS	10,979,425.39
ADVANCE TO FIDUCIARY FUND	-10,076.16
ACCOUNTS RECEIVABLE	-371,816.26
SUBROGATION RECEIVABLE	87,302.45
DUE FROM AFFILIATES	6,180,644.92
BONDS	65.16
PREPAID EXPENSES	685,461.75
Total CURRENT ASSETS	<hr/> \$17,564,196.26
Total ASSETS	<hr/> \$17,564,196.26 <hr/>
 <b>LIABILITIES</b>	
<hr/> <b>CURRENT LIABILITIES</b> <hr/>	
ACCOUNTS PAYABLE	521,055.35
OTHER CURRENT LIABILITIES	-52,477.16
Total CURRENT LIABILITIES	<hr/> \$468,578.19
<hr/> <b>PRIORITY II LIABILITY</b> <hr/>	
Policyholder Claims	6,038,491.08
CLAIMS PAID-FIRST DISTRIBUTION (100%) 9/29/11	-6,038,491.08
Total PRIORITY II LIABILITY	<hr/> \$0.00
<hr/> <b>PRIORITY V LIABILITIES</b> <hr/>	
GENERAL CREDITORS	339,551.75
Total PRIORITY V LIABILITIES	<hr/> \$339,551.75
<hr/> <b>PRIORITY VI - LIABILITIES</b> <hr/>	
LATE FILERS	181,094.90
Claims Payable (Company Claims)	4,086,420.24
Total PRIORITY VI - LIABILITIES	<hr/> \$4,267,515.14
Total LIABILITIES	<hr/> \$5,075,645.08 <hr/>

**EQUITY**

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**EQUITY**

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The information contained in this report is prepared by the receiver from information available to or known by the receiver as of the date of this report. In order to prepare this report it is necessary to utilize records compiled by company personnel prior to the insurer being placed in Receivership.



Page: 2

Date: 11/17/11 at 2:08 PM

AmCare Health Plans of Louisiana, Inc.  
Balance Sheet  
Period Ending October 31, 2011

	Balance
COMMON STOCK	15,500.00
ADDITIONAL PAID-IN-CAPITAL	19,971,490.35
UNREALIZED LOSSES	-1,292,853.63
RETAINED EARNINGS	-22,859,832.24
Total EQUITY	\$-4,165,695.52
Year-to-date Net Income	\$16,654,246.70
Total EQUITY	\$12,488,551.18
Total Liabilities and Equity	\$17,564,196.26

The Information contained in this report is prepared by the receiver from information available to or known by the receiver as of the date of this report. In order to prepare this report it is necessary to utilize records compiled by company personnel prior to the insurer being placed in Receivership.

AmCare Health Plans of Louisiana, Inc.  
Income Statement  
For October 2011

	PTD Postings	% Sales	YTD Postings	% Sales
<b>SALES</b>				
<b>REVENUE</b>				
INVESTMENT INCOME - TRUST ACCOUNT	93.26	29.22	671.96	0.00
INTEREST INCOME	225.94	70.78	1,163.83	0.01
MISCELLANEOUS INCOME	0.00	0.00	101.11	0.00
LITIGATION PROCEEDS HEALTHNET INC.	0.00	0.00	20,846,445.54	99.99
<b>Total REVENUE</b>	<b>\$319.20</b>	<b>100.00</b>	<b>\$20,848,382.44</b>	<b>100.00</b>
<b>Total SALES</b>	<b>\$319.20</b>	<b>100.00</b>	<b>\$20,848,382.44</b>	<b>100.00</b>
<b>TOTAL INCOME</b>	<b>\$319.20</b>	<b>100.00</b>	<b>\$20,848,382.44</b>	<b>100.00</b>
<b>EXPENSES</b>				
<b>GENERAL EXPENSES</b>				
ADVERTISING	0.00	0.00	5.54	0.00
LITIGATION SUPPORT	44,937.68	14078.22	46,403.93	0.22
BANK CHARGES	12.00	3.76	316.25	0.00
COMPUTER PROGRAMING	0.00	0.00	96.39	0.00
CONTRACT LABOR	0.00	0.00	477.34	0.00
DUES AND SUBSCRIPTIONS	0.00	0.00	9.30	0.00
INSURANCE	378.89	118.70	3,097.78	0.01
JANITORIAL FEES	366.53	114.83	1,552.32	0.01
LEGAL FEES	13,110.77	4107.38	3,849,930.20	18.47
MANAGEMENT FEES	25,618.58	8025.87	150,987.52	0.72
MANAGEMENT FEES - CONSULTING	0.00	0.00	3,805.80	0.02
MISCELLANEOUS	403.93	126.54	1,721.37	0.01
OFFICE SUPPLIES	744.74	233.31	1,566.21	0.01
PAYROLL TAXES - FICA	769.17	240.97	5,953.07	0.03
PAYROLL TAXES - MED	179.89	56.36	1,392.29	0.01
PAYROLL TAXES - FUTA	0.00	0.00	54.97	0.00
PAYROLL TAXES - SUTA	251.62	78.83	454.95	0.00
PEST CONTROL	28.27	8.86	223.07	0.00
POSTAGE	95.58	29.94	737.75	0.00
REPAIR & MAINTENANCE	100.05	31.34	1,274.92	0.01
RENT	951.87	298.20	9,832.27	0.05
RENTAL OF EQUIPMENT	0.00	0.00	87.62	0.00
SALARIES	6,636.06	2078.97	36,019.74	0.17
SALARIES - COST ALLOCATIONS	5,696.95	1784.76	59,409.80	0.28
SECURITY	0.00	0.00	579.99	0.00
TELEPHONE	483.17	151.37	1,988.36	0.01
TRAVEL	48.11	15.07	1,293.75	0.01
TAX PREPARATION FEE	0.00	0.00	7,875.00	0.04

AmCare Health Plans of Louisiana, Inc.  
Income Statement  
For October 2011

	PTD Postings	% Sales	YTD Postings	% Sales
UTILITIES	1,043.78	327.00	7,989.48	0.04
Total GENERAL EXPENSES	\$101,857.64	31910.29	\$4,194,246.98	20.12
<hr/> POLICY EXP. & CONTRACT CLAIMS <hr/>				
Loss Reserve Adjustment	0.00	0.00	-111.24	0.00
Total POLICY EXP. & CONTRACT CLAIMS	\$0.00	0.00	\$-111.24	0.00
Total EXPENSES	\$101,857.64	31910.29	\$4,194,135.74	20.12
NET INCOME FROM OPERATIONS	\$-101,538.44	*****	\$16,654,246.70	79.88
Net Income after taxes	\$-101,538.44	*****	\$16,654,246.70	79.88

## Receiver's Report on Asset and Liability Write-off

Asset Account Title	Amount of Write-Off	Recommendation
Accounts Receivable – Research Items	\$21,592.71	<p><b>Background:</b> This account appeared on the company's balance sheet prior to liquidation. Research Items accounts are set up when the Company issues claims checks or vendor checks and those checks are outstanding and never clear the Company's bank account.</p> <p><b>Recommendation:</b> Any amounts due by the Company would have been captured during our POC process as all vendors, members, and providers were noticed of the liquidation and were mailed a POC. This amount should be written off the balance sheet.</p>
Accounts Receivable - BBA TX (60%)	\$30,993.75	<p><b>Background:</b> The estate manager placed this amount on AmCare's balance sheet as an amount due under the MOU agreement between the Receivers. Louisiana would pay the invoices, then invoice AmCare-OK and AmCare-TX their percentages which would be reimbursed. We have invoiced each of these states thousands of dollars which have been reimbursed with the exception of this one invoice received from BBA (L.D. Barringer). During Hurricane Katrina, Mr. Barringer's office was destroyed along with his time record and supporting documentation needed to create his invoices. Months later, Mr. Barringer created an invoice based on recollection of litigation support he provided to J. Cullens during trial and in turn mailed his invoice to AmCare-LA. We invoiced AmCare-TX for its 60% of Mr. Barringer's invoice which is \$30,993.75. The Receiver for AmCare-TX does not believe the items invoiced by Mr. Barringer represent litigation support which would be reimbursed under the MOU and further believe his invoice represents Deputy Receiver responsibilities to AmCare-LA and should not have been invoiced to TX.</p>



## Receiver's Report on Asset and Liability Write-off

		<p><b>Recommendation:</b> After further review of this receivable, coupled with the fact that Mr. Cullens did not want to provide an affidavit stating the services of Mr. Barringer were at his request, and we have no supporting documents to enforce payment by Amcare-TX, the estate manager believes this amount is non-collectible and should be written off as such.</p>
<b>TPA Fees Receivable</b>	\$-360,402.72	<p><b>Background:</b> This receivable has a negative balance which indicates it was actually a liability due to one or more of AmCare-Louisiana's third party administrators.</p> <p><b>Recommendation:</b> All third party administrators were set up as vendors on the AmCare-LA POC and received notice of the liquidation and of their right to file a claim for any monies due. This amount should be written off as the POC process would capture any amounts owed to TPA's who performed work on behalf of the Company.</p>
<b>Premiums Receivable</b>	\$483,222.43	<p><b>Background:</b> AmCare-Louisiana collected premium and paid claims of the Office of Personnel Management (OPM), a federal agency. In the early stages of the receivership of AmCare-LA, this item was researched by BBA and was deemed as uncollectible due to the condition of the books and records of the Company. There were no reports that substantiated this amount and conversations with employees of OPM led to no avail in the collection of "supposed" amounts due. In fact, OPM maintained that AmCare-LA owed monies back to the agency for amounts paid in premium where the Company failed to pay claims.</p> <p><b>Recommendation:</b> This amount has been fully reserved on the balance sheet since 2002. As we have no way to support the receivable amount, it should be written off the balance sheet as uncollectible.</p>

## **Receiver's Report on Asset and Liability Write-off**

<b>Subrogation Receivable</b>	<b>\$434,366.14</b>	<p><b>Background:</b> During the early stages of receivership, BBA reviewed amounts he believed may be due to AmCare-LA and set up a receivable accordingly. Over a 3-4 year period, his staff as well as staff at Louisiana Receivership Office and the Attorney General's office attempted collection on these amounts through phone calls and demand letters.</p> <p><b>Recommendation:</b> Attempts to substantiate these balances and collect them proved futile as the Company's records did not provide sufficient evidence to file suit against these individuals. The subrogation balance has been reserved for the difference in what was booked on the balance sheet to what was actually collected. The receivable amount as well as the remaining valuation account should be removed from the balance sheet as uncollectible.</p>
<b>Reinsurance Recoverable</b>	<b>\$365,109.83</b>	<p><b>Background:</b> This amount appeared on the Company's balance at the time of liquidation. Research of this amount indicates that all contracts for reinsurance were negotiated through AmCare Management, an entity controlled by the TX receiver. Out of an abundance of caution, BBA recommended that a claim be filed against the management company for any amounts which would have been due to AmCare-LA.</p> <p><b>Recommendation:</b> This amount should be written off the balance sheet as uncollectible. Although included in LA's POC against TX, AmCare-LA filed lawsuit against Healthnet for the Company's hole which includes these amounts. As this liability has been satisfied, there is no need for a receivable balance to remain.</p>



## Receiver's Report on Asset and Liability Write-off

<b>DFA - AmCare Co</b> <b>DFA-Management Co</b> <b>DFA-Oklahoma HMO</b> <b>DFA-Texas HMO</b>	\$ 858,200.00 \$5,172,085.66 \$ 130.27 \$ 150,228.99	<p><b>Background:</b>  These amounts represent monies that appeared to be moved from AmCare-LA to AmCare-TX and AmCare-OK prior to liquidation. These amounts were the basis for the lawsuit filed against various directors, PWC, and HealthNet and described under the "smoking mirrors" scenario described during trial. It was common practice of these 3 companies to move monies from each entity to fulfill its cash obligations on a daily basis in an effort to hide the true financial condition of the companies to regulators.</p> <p><b>Recommendation:</b>  These receivables should be written off the balance sheet as they have been collected as part of our judgment against HealthNet.</p>
<b>Bonds - Long Term Investments</b>	\$150,000.00	<p><b>Background:</b>  AmCare-LA had on its books at liquidation an investment in a Finova Bond. The Finova Group was placed in court ordered liquidation and the bond held by AmCare-LA received periodic distributions against its investment.</p> <p><b>Recommendation:</b>  As the liquidation has been formerly closed and there no other anticipated distributions, this amount should be written off as uncollectible.</p>
<b>Prepaid Expenses - Long Term Rent Deposits</b>	\$13,461.75	<p><b>Background:</b>  This amount appeared on the books of AmCare-LA at liquidation and represents its share of required deposits for certain equipment utilized by the AmCare Management Company for the benefit of AmCare-Louisiana. All equipment leases, building leases, etc. were cancelled by AmCare-LA, AmCare-TX, and AmCare-OK, thus defaulting on the original terms of the lease.</p> <p><b>Recommendation:</b>  This receivable should be written off the balance sheet as they have been collected as part of our judgment against HealthNet.</p>

## Receiver's Report on Asset and Liability Write-off

Liability Account Title	Amount of Write-Off	Recommendation
Unclaimed Property	\$257,112.47	<p><b>Background:</b> This account appeared on the company's balance sheet prior to liquidation. Unclaimed property accounts are set up when the Company issues claims checks or vendor checks and those checks are outstanding and never clear the Company's bank account.</p> <p><b>Recommendation:</b> Any amounts due by the Company would have been captured during our POC process as all vendors, members, and providers were noticed of the liquidation and were mailed a POC. This amount should be written off the balance sheet.</p>
Accounts Payable	\$188,079.65	<p><b>Background:</b> This account appeared on the company's balance sheet prior to liquidation and represents the amount due in current payables as of October 31, 2002.</p> <p><b>Recommendation:</b> Amounts due by the Company would have been captured during our POC process as all vendors, members, and providers were noticed of the liquidation and were mailed a POC. This amount should be written off the balance sheet.</p>
Premium Taxes Payable	\$21,920.79	<p><b>Background:</b> When insurance companies collect premium within the State of Louisiana, there are premium taxes generated which are due to the Louisiana Insurance Department.</p> <p><b>Recommendation:</b> The Louisiana Department of Insurance, Premium Tax Division, has advised that there are no amounts owed by AmCare-LA for premium tax.</p>

## **Receiver's Report on Asset and Liability Write-off**

<b>Deferred Tax Valuation Liability</b>	\$-52,477.16	<b>Background:</b> This amount was on the balance sheet at the time of liquidation. <b>Recommendation:</b> All tax calculations have been conducted by the Receiver's contracted CPA firm and any amounts due to the State of Louisiana or the IRS will be calculated and remitted accordingly. This deferred tax valuation liability which shows as a credit balance should be written off and tax liabilities, as calculated by the Receiver's CPA firm, should be recorded in its stead.
<b>Priority VI - Claims Payable (Company Claims)</b>	\$4,086,420.24	<b>Background:</b> The account represents claims liabilities on the balance sheet at liquidation, less an adjustment made during the liquidation by the estate manager which should have taken this number to zero instead of the balance which remains. <b>Recommendation:</b> At the time of liquidation, POC's were mailed to all known policyholders, providers, and vendors. The POC liability is shown under Priority 2 and has been approved by the court. This amount does not represent the true liabilities of the company and should be removed as the correct amount is reflected under Priority 2.

NINETEENTH JUDICIAL DISTRICT COURT  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLBY, AS  
ACTING COMMISSIONER OF INSURANCE  
FOR THE STATE OF LOUISIANA  
VERSUS  
AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: \_\_\_\_\_

DEPUTY CLERK

**PETITION AND RULE TO CONSIDER REPORT OF RECEIVER ON CLAIMS  
AGAINST AMCARE HEALTH PLANS OF LOUISIANA, INC. IN LIQUIDATION  
AND RECOMMENDATIONS TO THE COURT ON THE PRIORITY AND  
AMOUNT OF ALLOWANCE OF CLAIMS**

NOW INTO COURT through undersigned counsel comes Marlon V. Harrison, Receiver for  
AmCare Health Plans of Louisiana, Inc. in Liquidation (the "Receiver") who respectfully represents  
that:

1.

AmCare Health Plans of Louisiana, Inc. ("AmCare") was a health maintenance organization that  
was placed by order of this honorable Court in rehabilitation on October 27, 2002 and in liquidation  
on November 12, 2002, and the Receiver was appointed by the Court pursuant to those orders.  
Pursuant to said order of liquidation, the Receiver began to marshal the assets of the estate and  
prioritize and adjust claims of the estate.

2.

The Receiver, pursuant to Louisiana Revised Statute 22: 749 and the liquidation order and other  
orders signed by this Court, mailed a proof of claim to all persons listed in the books and records of  
AmCare at their last known address requesting that they forward the completed proof of claim form  
with supporting documentation to the Receiver. In addition, pursuant to the orders of this honorable  
Court, the Receiver placed an advertisement in all major newspapers in the State of Louisiana  
requesting claimants file proof of claim. The Receiver mailed 17,063 notices and proofs of claim and  
has received back proofs of claim from 2,683 filed proofs of claim representing 57,951 claims.

3.

The Receiver has reviewed and adjudicated the claims submitted and the books and records of  
AmCare, and has categorized the claims of the AmCare members, subscribers, providers and  
creditors, as explained herein.

EXHIBIT

D

4.

The Receiver reports to the Court as to the claims and seeks instruction from the Court as to the allowance and priority of each claim.

5.

The Receiver has not completed marshaling all of AmCare's assets and therefore this motion does not address the actual distribution of assets that may ultimately be made to AmCare members, subscribers, providers and creditors of AmCare. Given the financial condition of the AmCare estate, the amount distributed on the claims will likely be less than the recommended "allowed" amount because of anticipated insufficiency of funds in the AmCare estate.

6.

La. R.S. 22:746 establishes the categories and priorities of claims against an estate as follows:

- (1) the costs and expenses of administration and the claims handling expenses of any applicable guaranty association.
- (2) the claims of policyholders, beneficiaries and insureds and any applicable guaranty association.
- (3) other claims of the federal government.
- (4) compensation due to employees other than officers of an insurer.
- (5) the claims under policies for unearned premiums or other premium refunds and the claims of general creditors, including claims of ceding and assuming companies.
- (6) all other claims, including those deemed untimely filed.

7.

The Receiver has established the amounts due and to be allowed for the AmCare claimants who have filed proofs of claim, other than the claims of Med Impact Healthcare Systems, Inc. ("Med Impact"), which claims are still under investigation by the Receiver, the claims related to the United States Office of Personnel Management ("OPM"), and the claims of the Office of State Group Benefits, which are still under discussion.

8.

Exhibit A, which is attached hereto and incorporated herein, contains a summary listing of all AmCare members, subscribers, providers, and creditors who have filed proofs of claim with the Receiver, both timely filed and untimely filed.

9.

Exhibit A contains the information which reflects the Receiver's recommendation in globo to the Court as to the class and amount of the Class 2 through Class 6 claims filed against the AmCare estate, other than the claims of Mod Impact, OPM, and the Office of State Group Benefits. Beginning with Class 1, the members of each class must be paid in full before any member of the next class may be paid at all. The amount recommended as "allowed" for a claim means only that if funds are available for payment, the claim would be paid up to the amount allowed. Neither the Receiver's recommendation that a claim be allowed in a certain amount, nor the Court's order fixing the allowed claims, ensures that a claimant will be paid in whole or in part. Payment of the allowed claims is contingent upon (1) the assets available to the AmCare estate for payment of claims; (2) the class of the claim allowed; and (3) whether the assets of the AmCare estate are sufficient to pay in full all allowed claims in all preceding classes of claims.

10.

The Receiver received 2,683 proofs of claim against the AmCare estate. Of those, 2,317 were timely filed and 366 were untimely filed. The Receiver has adjudicated and analyzed each proof of claim, and each proof of claim is included in and is being reported to the Court in globo in Exhibit A, attached hereto and incorporated herein. The Receiver has determined amounts owed by AmCare claimants to the AmCare estate. In addition, the Receiver has filed under seal with this honorable Court a detailed listing of the claimants, the proof of claim amounts, and the recommended allowed claim amounts.

11.

The Receiver recommends to the Court that each proof of claim be allowed or not allowed in the amounts described in Exhibit A, as further explained below.

12.

In addition, certain persons and entities have not filed proofs of claim, but it appears from the books and records of the company that there are amounts owed to them.

13.

For the Court's benefit, the Receiver has identified, adjudicated and analyzed each such claim against the AmCare estate, of which there are 16,126. These claims are included in and are being reported to the Court in globo in Exhibit B, attached hereto and incorporated herein. In addition,

the Receiver has filed under seal with this honorable Court a detailed listing of those claims and the adjudicated amounts.

14.

**Class 1 Claims:** The expenses of the Receiver, staff and outside consultants and attorneys have been submitted to the Court, and upon the Court's approval, have been paid. These expenses will continue to be incurred on an on-going basis, until the AmCare estate is closed. No Class 1 claims are being submitted with this report and recommendation.

15.

**Class 2 Claims:** As a health maintenance organization, AmCare does not fall into the class of entities guaranteed by any guaranty association. The claims of policyholders, providers and other beneficiaries, with timely filed proofs of claim, are shown in globe on Exhibit A. The Receiver recommends an amount allowed of timely filed Class 2 claims in the total amount of \$6,025,940.83, plus interest. Class 2 claims may be paid upon satisfaction of all Class 1 claims. Because there will likely be insufficient funds to pay all Class 2 claims, it is likely that Class 2 claimants may be entitled to a pro rata distribution of the remaining assets, if any, of the AmCare estate, after payment of all Class 1 claims. The Receiver requests an order of this Court instructing the Receiver that no distribution shall be made to Class 2 claimants until all Class 1 claims have been paid in full, and then only pursuant to further orders of this Court.

16.

**Class 3 and Class 4 Claims:** Information available to the Receiver indicates no federal government claims (other than claims for policy benefits) have been asserted to date and that all claims for employee compensation have been paid in full. The Receiver recommends an amount allowed of timely filed Class 3 and Class 4 claims in the total amount of \$-0-.

17.

**Class 5 Claims:** Claims for unearned premiums and premium refunds, as well as the claims of general creditors with timely filed proofs of claim are shown in globe on attached Exhibit A. The total amount claimed in Class 5 is \$3,170,912.21. The Receiver recommends an amount allowed of timely filed Class 5 claims in the total amount of \$339,351.75.

18.

**Claims 6 Claims:** All other claims, including those with untimely proofs of claims, in the amount

of \$1,037,847.53, are shown in globe on attached Exhibit A. The Receiver recommends an amount allowed of Class 6 claims in the total amount of \$176,361.55 for those AmCare claimants filing untimely proofs of claim and \$3,681,325.26 for AmCare claims appearing on the books of AmCare but for which no proof of claim was filed. (This does not include the proof of claim filed by Med Impact in the amount of \$323,776.56, which is still under investigation).

19.

The total amount of claims shown on the books and records of AmCare for which no proof of claim has been filed, in the amount of \$3,681,325.26, are shown on attached Exhibit B.

20.

Since it is likely that there will not be sufficient funds to pay all Class 2 claims, it is likely that no distributions will be made to Class 3, 4, 5, and 6, or to those with claims on the books and records of AmCare for which no proof of claim has been filed.

21.

Accordingly, the Receiver requests that the Court enter an order approving the Receiver's recommendation as to the classes identified by the Receiver for all claimants, recognizing the Receiver's right to bring actions on behalf of the AmCare members, subscribers, enrollees, policyholders, providers, and general creditors to recover funds to satisfy the claims asserted, barring any further claims by AmCare creditors, other than Med Impact, OPM, and the Office of State Group Benefits, whether known or unknown, and instructing the Receiver that no distribution shall be made to claimants until all allowed and timely filed Class 1 claims have been paid in full, and then until all timely filed proofs of claim for Class 2 claims have been paid in full with interest, and then only pursuant to further orders of this Court.

22.

Pursuant to the order of this Court and its interpretation of the requirements of Louisiana Revised Statute 22:749, when the Receiver allows or disallows a claim in a lesser amount than claimed, he shall notify the person making the claim by petition in the receivership proceeding, allowing ten (10) days in which to file objections to the action of the Receiver. Accordingly the Receiver will notice the Amcare claimants who filed proof of claims, listed in globe on the attached Exhibit A, and identified in detail on the sealed detailed listing filed with the Court, of this petition filed and order prayed for, the date, location, and time set for hearing objections to the proposed claim amounts, and



allow thirty days after the receipt of said notice to file objections to the proposed action.

23.

The Receiver requests authority of the Court to issue notice to those Amcare claimants who filed proof of claims of the amount allowed for the claim and give them opportunity to be heard in a summary proceeding to be held on July \_\_\_\_\_, 2005.

24.

The Receiver proposes to send a copy of this petition, a notice of the claim amount and an information sheet all in the form of Exhibit C, which is attached to this petition and incorporated herein, to each of the Amcare claimants who filed proof of claims via mail advising them of the date of the hearing and the procedure for filing objections.

25.

The notice to Amcare claimants who filed proof of claims will notify said claimants that a hearing will be held on July \_\_\_\_\_, 2005 and require that any Amcare claimants who filed proof of claims who objects to the allowed amount must submit the objection in writing to the Court with a copy to the Receiver no later than June \_\_\_\_\_, 2005. The notice will be sent no later than May \_\_\_\_\_, 2005 giving the Amcare claimants who filed proof of claims at least thirty (30) days to object to the allowed amount.

26.

The Receiver requests that this Court allow the Receiver to send notices to the Amcare claimants who filed proof of claims via U. S. Mail. There are approximately Eighteen Thousand Eight Hundred Nine (18,809) AmCare claimants who filed proof of claims, shown in the detailed listing filed under seal with the Court and shown in globo in attached Exhibit A. To attempt to serve each individual Amcare claimants who filed proof of claims with a copy of this petition through the sheriff's office would be an undue burden on the estate and significantly deplete the amount available for claimants. The Receiver, therefore, proposes to send notice by mail regarding the July \_\_\_\_\_, 2005 hearing. The notice will include a copy of this petition. The Receiver believes that this is the most cost-effective means of effecting notice to these claimants of this estate.

27.

The Receiver further requests that since the detailed listing of individual claimants for Exhibit A and Exhibit B may contain confidential healthcare information, the said detailed listings be placed

under seal until further orders of this Court.

28.

The Receiver asks that the Court confirm that the Receiver be allowed to cease any further adjudication or reconciliation efforts for the AmCare claimants, including, but not limited to those shown on Exhibit A and Exhibit B and listed in detail in the detailed listing filed under seal.

29.

Attached Exhibit D shows a listing of matters for which the Receiver is not presently making a recommendation and for which no relief is currently sought, which consists of the claims of Med Impact, OPM, and the Office of State Group Benefits. The Receiver proposes to make recommendations to the Court as to these entities at a later time because of on-going determinations and negotiations.

WHEREFORE, Marlon V. Harrison, Receiver for AmCare Health Plans of Louisiana, Inc.

in Receivership, prays that:

- 1) This Court set a hearing at a date and time to be determined by the Court to consider the report of the Receiver on claims against AmCare Health Plans of Louisiana, Inc. in Liquidation and the recommendations to the Court on the priority and amounts of allowed claims.
- 2) Following the hearing on this matter, this Court issue an order making the following findings and determinations:
  - a) The Court established the date by which all creditors of AmCare must file proof of claims against the AmCare estate. The Receiver has provided proper notice of these proceedings and the claim deadline to all known persons or entities who have a claim against the AmCare estate. Any and all due process interests have been adequately protected by the Receiver.
  - b) As of March 31, 2005, AmCare had assets in the form of cash or cash equivalents and other uncollected assets as reported to the Court. The Receiver has additional assets, including contingent claims, that he is attempting to collect and such efforts are on-going.
  - c) No Class 1 claims have been submitted for payment with this filing but shall continue to be paid in full on an on-going basis subject to the Court's approval.
  - d) The Receiver's recommendation as to the priority and amount allowed for timely filed Class 2 claims should be and hereby is approved. Because there will likely be insufficient funds to pay timely filed Class 2 claims in full, any payment to timely filed Class 2 claimants shall be on a pro rata basis, subject to a dollar for dollar reduction at the allowed amount (but not at the distribution amount) for any amount owed to the AmCare estate to be

determined at a later hearing in the event the Receiver determines that there are sufficient AmCare assets for distribution.

- e) The Receiver's recommendation as to the priority and amount allowed for all other claims should be and hereby is approved as follows:

- (Class 1) the costs and expenses of administration to be paid in full as incurred and submitted to the Court and upon the Court's approval  
Claims handling expenses of any applicable guaranty association (\$-0-) Not Applicable.
- (Class 2) the claims of policyholders, beneficiaries and insureds \$6,025,940.83 plus interest.  
Any applicable guaranty association (\$-0-) Not applicable.
- (Class 3) other claims of the federal government (\$-0-) None identified.
- (Class 4) compensation due to employees other than officers of an insurer. (\$-0-) None identified.
- (Class 5) the claims under policies for unearned premiums or other premium refunds and the claims of general creditors, including claims of ceding and assuming companies, \$339,551.75.
- (Class 6) all other claims, including those deemed untimely filed in the allowed amount of \$176,361.55, and claims for which no proof of claim was filed, in the allowed amount of \$3,681,325.26.

All Class 1 and Class 2 claims shall be paid in full, subject to a dollar for dollar reduction at the allowed amount (but not at the distribution amount), for any amounts due the AmCare estate, prior to the payment of any claims of Class 3, 4, 5, and 6, and other AmCare creditors. Because the assets of the estate will likely be insufficient to pay all timely filed Class 2 claims in full plus interest, it is likely that no assets will be available to pay Class 3 through Class 6 claims and the claims of other AmCare creditors and no distributions will likely be made to these claimants.

- f) Proper notice was sent out to all AmCare claimants by mail advising affected AmCare claimants of the requirements for filing objections and appearing at the scheduled hearing.
- g) The Receiver has diligently engaged in a process of adjudicating amounts due to AmCare claimants.
- h) The amounts adjudicated by the Receiver are accurate within a reasonable and not material margin of error based on information available to the Receiver.
- i) The costs of engaging in continuing adjudication of claims outweigh any benefit to be gained from such continuing efforts and it is in the best interests of AmCare claimants and other interested parties that the amounts of these claims be fixed.
- j) The Receiver shall cease any further adjudication or reconciliation efforts for

the AmCare claimants, including, but not limited to those shown on Exhibit A and Exhibit B and listed in detail in the detailed listing filed under seal.

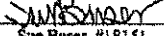
- 3) The Court fix the allowed claim of each claimant in the amount outlined in the attached Exhibit A. The Court recognize the adjudicated amount of each claimant outlined in the attached Exhibit B. The Court order that the Receiver be allowed to cease any further reconciliation or adjudication efforts for AmCare claimants, except as to Med Impact, OPM, and the Office of State Groups Benefits.
- 4) The Court fix a date for each Amcare claimant who filed proof of claims who objects to the amount allowed by and assigned to the Receiver to file a written objection with the Clerk of Court of the Nineteenth Judicial District Court on or before June \_\_\_\_\_, 2005, with a copy to be mailed to the Receiver at the Louisiana Receivership Office at Post Office Box 91064 Baton Rouge, Louisiana 70821.
- 5) The Court schedule a hearing on July \_\_\_\_\_, 2005, at 11:00 A.M. for hearing the objections of each claimant and each interested party who timely filed such a written objection.
- 6) The Court allow the Receiver to send notice to all Amcare claimants who filed proof of claims with claims listed in globe in Exhibit A and in detail in the detailed listing filed under seal with the Court, no later than May \_\_\_\_\_, 2005, in a form similar to Exhibit C attached hereto, giving each Amcare claimant who filed proof of claims notice of this petition/rule and order, the date, location, and time set for filing written objections, the date, location and time set for hearing said objections, and the procedure for filing objections to the proposed claim amount.
- 7) To authorize the Receiver to send notices to the Amcare claimants who filed proof of claims by U.S. mail.
- 8) To seal the detailed listing of the AmCare claimants shown in globe in Exhibit A and Exhibit B until further orders of this Court.
- 9) The Court allow the Receiver to make further recommendations as to the claims of the AmCare claimants listed on Exhibit D -- the Office of State Group Benefits, OPM, and as to Med Impact, at a later time.

and any and all other appropriate general and equitable relief.

RESPECTFULLY SUBMITTED,

BY ATTORNEYS FOR  
J. Robert Wooley  
Commissioner of Insurance  
for the State of Louisiana  
in his capacity as Liquidator of  
AmCare Health Plans of Louisiana, Inc.

Buser & Associates, APLC

BY:   
Sue Buser #18151  
1518 Highway 30 East  
Gonzales, LA 70737  
Telephone: (225) 644-6100  
Fax: (225) 644-6111

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the above and foregoing document has been forwarded via First Class Mail, postage prepaid and properly addressed, to the following:

Harry J. Phillips, Jr.  
Robert W. Barton  
Taylor Porter Brooks & Phillips  
P.O. Box 2471  
Baton Rouge, LA 70821-2471

Robert J. Burns, Jr.  
Perry, Adkinson, Balhoff, Mengis  
& Burns, LLC  
P.O. Box 83260  
Baton Rouge, LA 70884-3260

Wendell Clark  
Patrick Seiter  
Adams & Reese  
North Tower, 19<sup>th</sup> Floor  
451 Florida Street  
Baton Rouge, LA 70801

V. Thomas Clark, Jr.  
Crawford Lewis  
1600 Bank One Centre, North Tower  
450 Laurel Street  
P.O. Box 3656, 70821-3656  
Baton Rouge, LA 70801

Kelsey Kornick Funes  
Phelps Dunbar  
City Plaza  
445 North Blvd., Suite 701  
Baton Rouge, LA 70802

David L. Cherry  
Long Law Firm  
4041 Esplanade, Suite 500  
Baton Rouge, LA 70809-7319

David H. Topol  
Wilco Rein & Fielding, LLP  
1776 K Street NW  
Washington, DC 20006

George B. Hall  
Phelps Dunbar  
365 Canal Street, Suite 2000  
New Orleans, LA 70130

James C. Percy  
Jones, Walker, Waschler, Poitevent,  
Carrere & Denegre, L.L.P.  
United Plaza Boulevard  
Four United Plaza, Fifth Floor  
Baton Rouge, LA 70809-7000

Merrill Hirsch  
Ross, Dixon & Bell  
2001 K Street NW  
Washington, DC 20006-1040

Claude F. Reynaud, Jr.  
Jeanna C. Comeaux  
Braxton, Sachse & Wilson  
P.O. Box 3197  
Baton Rouge, LA 70821-3197

Mary Olive Pierson  
Attorney at Law  
8702 Jefferson Highway, Suite B  
P.O. Box 14647  
Baton Rouge, LA 70896-4647

Joseph J. McKernan  
Gordon McKernan  
McKernan Law Firm  
8710 Jefferson Highway  
Baton Rouge, LA 70809

Kimberly S. Morgan  
Morgan Law Firm  
9436 Jefferson Highway, Suite D  
Baton Rouge, Louisiana 70809-2627

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T. Wade Jeffries  
Hohnemann, Teube & Summers, L.L.P.  
100 Congress Avenue, Suite 1500  
Austin, Texas 78701

Keary L. Everitt, Esq. (#1353)  
Special Assistant Attorney General  
Everitt, Pratt, Latham & Donovan, LLP  
1010 Common Street, Suite 2500  
New Orleans, Louisiana 70112

Robert B. Bleck, Jr., Esq.  
Jones, Walker, Waschler, Poitevent, Carrere  
& Denegre, LLP  
201 St. Charles Avenue  
New Orleans, Louisiana 70170-5100

Edward J. Walters, Esq.  
J. H. Cullens, Jr., Esq.  
Moore, Walters, Thompson,  
Papillion & Cullens  
6513 Parkside Road  
Baton Rouge, Louisiana 70808

Jonathan C. Augustine, Esq.  
Middleberg, Riddle & Glanna  
Bank One Centre, North Tower  
450 Laurel Street, Suite 1101  
Baton Rouge, Louisiana 70801

Arlene Knighten  
Louisiana Department of Insurance  
1702 N. Third Street  
Baton Rouge, LA 70802

William C. Kaufman, III  
Seale, Smith, Zuber & Barnett  
8550 United Plaza Boulevard  
Suite 200  
Baton Rouge, LA 70809

Douglas Dodds  
Amy Clark-Meachum  
Pat Lockridge  
McGinnis Lockridge & Kilgore  
1300 Capital Center  
919 Congress Avenue  
Austin, TX 78701

on this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

R. James George, Jr.  
Gary L. Lewis  
George & Brothers  
114 W. Seventh Street, Suite 1100  
Austin, TX 78707



NINETEENTH JUDICIAL DISTRICT COURT  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLEY, AS  
ACTING COMMISSIONER OF INSURANCE  
FOR THE STATE OF LOUISIANA

VERSUS

AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED: \_\_\_\_\_

DEPUTY CLERK

AFFIDAVIT

BEFORE ME, the undersigned authority, personally came and appeared

MARLON V. HARRISON

who after by me being duly sworn did depose and state:

That he is the Receiver for AmCare Health Plans of Louisiana, Inc. in Liquidation.

That he has read the Rule to Consider Report of Receiver on Claims Against AmCare Health Plans of Louisiana, Inc. in Liquidation and Recommendations to the Court on the Priority and Amounts of Allowed Claims and Order attached hereto and avers that the allegations contained therein are true and correct to the best of his knowledge.

That he agrees that a Rule to Consider Report of Receiver on Claims Against AmCare Health Plans of Louisiana, Inc. in Liquidation and Recommendations to the Court on the Priority and Amounts of Allowed Claims is in the best interest of the estate and will efficiently marshal the property and assets of the estate.

  
MARLON V. HARRISON

SWORN TO AND SUBSCRIBED before me, Notary Public this 7th day of

June, 2005 at Baton Rouge, Louisiana.



EXHIBITS

- EXHIBIT A Summary listing of claims filed against the AmCare estate for which proofs of claim were filed (including timely filed and untimely filed proofs of claim).
- EXHIBIT B Summary listing of amounts shown on the books and records to AmCare members, subscribers, providers and creditors for which no proofs of claim were filed.
- EXHIBIT C Form of copy of this petition/motion, proposed Notice of Claim Amount and proposed Information Sheet
- EXHIBIT D Claims for which no current recommendation is made or relief sought -- Med Impact Healthcare Systems, Inc., United States Office of Personnel Management, and Office of State Group Benefits



AMCARE HEALTH PLANS OF LOUISIANA, INC. IN RECEIVERSHIP		As of 03/10/05
POC CLAIMS LIABILITY SUMMARY		\$ Not Allowed
(P2) TIMELY FILED POC MEDICAL CLAIMS		\$4,025,640.33
PROPERTY 2 CLAIMS TOTAL		\$4,025,640.33
(P3) GENERAL CREDITOR POCs		\$339,551.76
PROPERTY 3 CLAIMS TOTAL		\$339,551.76
(P4) UNTIMELY FILED POC CLAIMS		\$176,172.90
(P4) UNTIMELY FILED GENERAL CREDITOR PENDING POC CLAIMS*		\$325,774.56
PROPERTY 4 CLAIMS TOTAL		\$501,948.46
POC CLAIMS LIABILITY SUMMARY TOTAL		\$4,867,442.04
*Ultimately filed Mediated POC pending final reconciliation.		



AMCARE HEALTH PLANS OF LOUISIANA, INC. IN RECEIVERSHIP		
ESTATE CLAIMS LIABILITY SUMMARY*		As of: 03/10/05
		\$ Not Allowed
ESTATE MEDICAL CLAIMS		\$1,298,821.00
ESTATE GENERAL CREDITOR		\$344,882.91
PRIORITY 6 CLAIMS TOTAL		\$3,081,513.91
LIABILITY SUMMARY TOTAL		\$3,081,513.91
* Estate Claims - Estate claims were claims adjudicated by AmCare LA but not paid and no POC submitted.		

DRAFT  
05/25/05

**AmCare Health Plans of Louisiana, Inc. in Liquidation**

**NOTICE OF  
RECEIVER'S DETERMINATION OF CLAIMS  
AND  
RULE TO SHOW CAUSE HEARING**

<<Date>>

<<POC NAME>>

<<ADDRESS>>

**RECEIVER'S DETERMINATION OF CLAIMS**

By Proof of Claim Form

POC # << >>

Vendor #/Claimant #	Name	Priority 1	Priority 2	Late Filed
121212212	Dr. Jekyll	833.81	0.00	0.00
Total allowed for POC # << >>		833.81	0.00	0.00

PLEASE READ THE ATTACHED "INFORMATION REGARDING THIS NOTICE" CAREFULLY as it contains important information and additional details regarding this notice and your claim.

The Court will hear objections to the Receiver's determination of claims on <<Day, Date>>. The Court will only hear objections which have been properly filed on or before <<date>> with the Court and noticed to the Receiver on or before <<date>>.

Should have additional questions, please call 504-549-7700 or mail to AmCare Health Plans of Louisiana, Inc. in Liquidation, 4421 Conlin St., Metairie, Louisiana 70003.

Sincerely,

AmCare Health Plans of Louisiana, Inc. in Liquidation



Draft  
05/25/05

#### INFORMATION REGARDING THIS NOTICE

##### Why did I get this package? What does this concern?

AmCare Health Plans, Inc. of Louisiana ("AmCare LA") was a health maintenance organization that provided healthcare related services for members of Louisiana. On November 12, 2002 AmCare LA was placed into liquidation by the 19<sup>th</sup> Judicial District Court. All persons who were owed funds and wished to be considered in the distribution of assets were required to submit a Proof of Claim form. You or someone on your behalf submitted a Proof of Claim form to the Receiver claiming that monies were owed on your account. This notice contains information regarding the Receiver's adjudication of your claim and your rights to object to this determination.

##### What if I disagree with the value the Receiver has determined for my Proof of Claim?

To object to the Receiver's determination you must do so in writing by filing your objection in writing to the Court and the Receiver.

Your written objection must be filed with the Court and you must mail a copy to the Receiver. The mailing addresses for the Court and the Receiver are listed at the bottom of this notice. Your objection should include the docket number (#<<>>) and the wording *Objection to Claim Determination* in the heading. You should also attach a copy of the attached notice to your objection. You should clearly explain the reasons why the Court should value your claim for a different amount. Your objection should be filed no later than <<Month, Day, Year>>. You will be responsible for court cost. Along with your objection you should enclose a check payable to the 19<sup>th</sup> JDC Clerk of Court. The initial filing fee is \$2 per page submitted.

You must be present at the hearing and should expect to explain your position before Judge Janice Clark at <<time>> on <<date>> in Room <<#>> of the East Baton Rouge Parish Government Building, 222 St. Louis Street, Baton Rouge Louisiana.

I did not file a Proof of Claim form. Why did I get this notice?  
It is possible someone else filed a claim on your behalf.

##### What do column headings represent?

POC #	The unique number used to track claims submitted under this Proof of Claim.
Vendor/Claimant Number	The IRS tax identification number or social security number provided to the Receiver for the party to which payment is owed.
Name	The party to whom payment is owed.
Vendor	The unique number used by AmCare LA to identify provider contracts.
Priority II	Claims classified as policyholder claims under La. R.S. 22:746. These claims consist of amounts owed to individuals, groups, medical providers and others which directly relate to the providing of health care services to AmCare LA's <del>enrolled members and subscribers</del> .
Priority V	Claims of general creditors, including employer groups and subscribers owed unearned premium.
Late File	Claims submitted under Proofs of Claim received after June 15, 2003, the last date for filing of timely Proofs of Claim. La. R.S. 22:748 (B) states that "Proofs of Claim may be filed subsequent to the date specified, but no such claim shall share in the distribution of the assets until all allowed claims, proofs of which have been filed before said date, have been paid in full with interest."

Draft  
05/25/05

**Will I receive the amounts listed?**

The amounts listed reflect the amounts the Receiver believes are owed. Payment of claim by the Receiver is contingent upon the funds available for distribution and the priority of your claim under La. R.S. 22:746. Claims with higher priority are paid in full before lower priority claims receive any distribution. If insufficient assets are available to fully fund a particular priority, all members of that priority would participate in a pro-rata distribution while lower priorities would not receive a distribution. It is premature to estimate the amount of any distribution.

**When will distributions take place?**

There is no current timetable for distribution of assets to eligible claimants. No payments will be made to claimants unless and until the Court approves the distribution of assets.

**Why are other parties names listed under my Proof of Claim?**

Health maintenance contracts often produce triangular relationships. In many cases, enrollees filed claims in order to report medical services provided by doctors, hospitals or clinics. Usually, the medical provider is due payment for services. Additionally, many provider contracts specify a third party to whom payment should be made and these are being adhered to by the Receiver.

**Why are there no amounts listed next to my Proof of Claim?**

There are several reasons this occurred. Two causes are most prevalent, (1) the Receiver may have determined that no funds were due on your account and (2) the claims submitted to the Receiver may have been duplicates of claims credited to another party or submitted under another party's Proof of Claim form.

**I have previously received a Notice of Determination and Explanation of Process from the Receiver.**

**What is the difference between this notice and prior notices?**

During the course of the liquidation, the Receiver noticed the determination of most claims on a detail level. This notice is intended (1) to report the total value of your claim and (2) to inform you of the hearing date, <<date>>, when the 19<sup>th</sup> Judicial District Court will hear objections.

**When I received the Notice of Determination and Explanation of Process detailing each claim, I objected to certain claims. Do I need to object again?**

Yes. The Receiver has reviewed all previous objections and has made appropriate adjustments. You were informed of these adjustments by letter and/or subsequent Notice of Determination and Explanation of Process. If you do not agree with the net amount owed to you and you wish the Court to reconsider the value of your claim, you must follow the above instructions.

Direct your objections to:  
Clerk of Court  
19<sup>th</sup> Judicial District Court  
P.O. Box 1991  
Baton Rouge, LA 70821  
(225) 389-3983

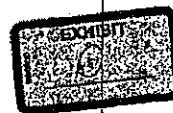
Mail a copy of objections to:  
AmCare Health Plans of Louisiana in Liquidation  
4421 Canfield St., Ste 401  
Metairie, LA 70003  
(504) 849-7000

EXHIBIT D

OFFICE OF STATE GROUP BENEFITS

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

MED IMPACT HEALTHCARE SYSTEMS, INC.



NINETEENTH JUDICIAL DISTRICT  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA

RECEIVED  
JAN 3 8 2006  
BY: DIVISION: D

NUMBER: 499-737

I. ROBERT WOOLLEY, AS  
ACTING COMMISSIONER OF INSURANCE  
FOR THE STATE OF LOUISIANA  
VERSUS  
AMCARE HEALTH PLANS OF LOUISIANA, INC.

FILED:

DEPUTY CLERK

**REPORT OF AMCARE HEALTH PLANS OF LOUISIANA, INC. IN LIQUIDATION AS  
TO WRITTEN OBJECTIONS TO ALLOWED CLAIM AMOUNTS**

AmCare Health Plans of Louisiana, Inc. in Liquidation ("AmCare-La") filed a petition and rule to consider the report of the Receiver on claims against AmCare Health Plans of Louisiana, Inc. In Liquidation and Recommendations to the Court on the Priority and Amount of Allowance of Claims. By order of the Court dated August 15, 2005, the Court set a deadline of December 15, 2005 for any AmCare-La claimant who filed a proof of claim and who objected to the allowed amounts of their claim to file a written objection of the amount allowed by the AmCare-La Receiver with the Court and with the AmCare-La Receiver.

In response to the mailing of the claims determination notices approved by the Court to all AmCare-La claimants who filed proofs of claim, the AmCare-La Receiver received four objections to the allowed amounts. The AmCare-La Receiver has reviewed each of the four objections in detail, has made efforts to resolve, where possible, the issues raised by the claimants who filed the objections, and now makes recommendations to the Court on each of the three objections filed, as follows:

**REVIEW OF THE THREE WRITTEN OBJECTIONS FILED:**

1. Dr. Alan J. Ostrowski  
c/o Elaine Brasseur  
Office Manager  
5319 Didoesse Drive  
Suite A  
Baton Rouge, LA 70808-4305

AmCare-La Claim Determination: \$416.50 allowed as Priority 2 timely filed claim for treatment provided to Mary Leno

Nature of Objection: Claims treatment for Thomas Seely for \$50.05 should have been allowed as timely filed.

**Liquidator's Recommendation:**

Recommendation is made that an additional \$15.00 should be allowed as a timely filed claim for Thomas Seely, increasing the amount of the claim from \$416.50 to \$451.55 as a timely filed claim. \$15.00 of the \$50.05 is a co-payment due from the member.

**Reasons for Recommendation:**

Further investigation indicates that the claim at issue was timely filed. A copy of the letter of January 10, 2006 advising Dr. Ostrowski of this decision is attached as Attachment 1.





2. Scott Westbrook  
7777 Kennesey Boulevard  
Suite 1004  
Baton Rouge, LA 70808

AmCare-La Claim Determination: \$-0-

Nature of Objection:                      Seeks reclassification of claims as priority claim for employment wages lost.

**Liquidator's Recommendation:**

Deny the objection and leave the claim determination at \$-0-.

**Reasons for Recommendation:**

The claim was submitted by Scott Westbrook and seeks \$32,500.00 claimed as three months of severance pay as a "key employee". The employment contract at issue was with Amcareco, Inc. and not with AmCare-La. See copy of the "Agreement" attached hereto and incorporated herein. Scott Westbrook was not employed by and was not paid by AmCare-La.

La. R.S. 22:746 (4) provides for compensation "actually owing" to employees other than officers of an insurer for services rendered within three months prior to the commencement of proceedings against the insurer. There is no provision for payment of "severance pay". Severance pay is not paid for services actually rendered but represents an amount paid upon separation from a company. Further, Scott Westbrook was not employed by and was not paid by AmCare-La. The severance pay claimed is due and owing from Amcareco, Inc. per the terms of the Agreement between Scott Westbrook and Amcareco, Inc. A copy of that agreement is attached as Attachment 2.

The "Agreement" between Scott Westbrook and Amcareco, Inc. shows that Scott Westbrook was to serve as Vice President of AmCare-La (paragraph 3.). He was also shown as an officer of AmCare-La (Vice President) on filings submitted to the Louisiana Department of Insurance. Officers of insurance companies in liquidation are ineligible for treatment as an employee.

Additionally, Scott Westbrook was named as a defendant in a lawsuit filed by the AmCare-La Liquidator, and the receivers for AmCare Health Plans of Texas, Inc. ("AmCare-Tx") and AmCare Health Plans of Oklahoma, Inc. ("AmCare-Ok") alleging his breach of fiduciary duty and involvement in a scheme.

In settlement of the claims asserted by the AmCare-La Liquidator against Scott Westbrook, the parties entered into a Settlement Agreement and Mutual Release in which they agreed to release:

... all existing, known, and unknown claims, demands, causes of action and counterclaims, pending or threatened, asserted or unasserted, direct or indirect, personal, or received by assignment or other operation of law, presently existing or which might accrue in the future, which have been or which could have been asserted by any party, by or through an assignment, operation of law, or in any capacity, for all existing, known, and unknown damages and remedies arising out of or related to (definition of Claims, p.6 of 36) ...

... all actions or omissions relating in any way to AmCareco, ... AmCare-La, ... (definition of Incident, p. 8 of 36).

That Agreement further provides that the parties to that agreement, including Scott Westbrook and AmCare-La, intend:

...to globally resolve all alleged liability between and among the Parties arising

out of or relating to the incident, and/or the Claims, for the Consideration. ...

That settlement agreement provides that the Settling Defendants, including Scott Westbrook, release, acquit and forever discharge each other and the plaintiff, including AmCare-La, from all Claims. (Agreement, p 13 of 36). Any claim that Scott Westbrook may have had as to AmCare-La have all been compromised by settlement and released. A copy of that agreement is attached as Attachment 1.

Based on all these reasons, the AmCare-La Liquidator recommends to the Court that the claims of Scott Westbrook be disallowed in its entirety at \$-0-.

3. Med Impact Healthcare Systems, Inc.  
through attorney  
Kenneth N. Ruzsak  
Pillsbury Winthrop Shaw Pittman  
725 S. Figueroa Street  
Suite 2800  
Los Angeles, California 90017

AmCare Claim Determination: \$-0- allowed as untimely filed for claims submitted for \$325,776.56 for services to AmCare-La, AmCare-Ok, and AmCare-Tx as pharmacy benefits manager.

Nature of Objection: The Med Impact proof of claim was filed with the AmCare-Tx Receiver on October 14, 2003, after the June 15, 2003 AmCare-La filing deadline. The Med Impact proof of claim was not filed with AmCare-La. The AmCare-La Liquidator agreed to accept the Med Impact proof of claim as being filed with AmCare-La as of the date it was filed with the AmCare-Tx Receiver. See attached letter of February 9, 2004, a copy of which is attached.

Med Impact contends that the entire Med Impact proof of claim should be treated as a timely filed general creditor claim with AmCare-La.

Liquidator's Recommendation: By agreement with counsel for Med Impact the Liquidator recommends that this matter be taken up at the hearing set for March 6, 2006 on the pending motion for rule to show cause why Med Impact Healthcare Systems, Inc. should not be required to provide requested documentation and data, to allow the parties additional time to continue to work on resolving the issues related to data and document production and the issues related to the Med Impact proof of claim determination.

**RECOMMENDATIONS:**

Based on the recommendations of the AmCare-La Receiver as to each of the three objections, the AmCare-La Receiver makes the following recommendations to the Court as to the allowed amounts of the AmCare-La claims:

**RECAP ON RECOMMENDATIONS:**

**PROOF OF CLAIMS FILED:** 2,683 representing 57,931 claims  
Timely Filed: 2,317  
Untimely Filed: 366

Recommendations of the AmCare-La Liquidator to the Court as to AmCare-La claims;

**CLASS 1 CLAIMS:** Costs and expenses of administration

Recommendation: Continue paying as incurred

**CLASS 2 CLAIMS:** Timely filed claims of policyholders, beneficiaries and insureds

Recommendation: \$6,038,665.42 plus interest filed and all recommended as allowed (with an increase of \$34.05 to reflect the change of Dr. Ostrows's allowed proof of claim).

**CLASS 3 and 4 CLAIMS:** Other claims of the federal government and compensation due to employees other than officers of an insurer.

Recommendation: \$-0- recommended as allowed

**CLASS 5 CLAIMS:** Claims under policies for unearned premiums or other premium refunds and the claims of general creditors.

Recommendation \$3,170,012.31 filed  
\$339,551.75 recommended as allowed.

**CLASS 6 CLAIMS** All other claims, including those deemed untimely filed and claims for which no proof of claim was filed.

Recommendation: \$1,037,847.55 filed  
\$181,051.90 recommended as allowed.

\$3,681,325.26 appearing on the books of AmCare for which no proof of claim was filed and recommended not allowed.

A spreadsheet showing the recommendations as to Court as to the Final Claims Determination is attached as Attachment 4.

As to the Med Impact proof of claim and objection, the Liquidator recommends referring this for hearing on March 6, 2006 by consent of the parties.

RESPECTFULLY SUBMITTED,

BY ATTORNEYS FOR  
J. Robert Woolley  
Commissioner of Insurance  
for the State of Louisiana  
in his capacity as Liquidator of  
AmCare Health Plans of Louisiana, Inc.

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